

# LITTLE LEHIGH REDEVELOPMENT PHASE I

## 671 Lawrence Court, Allentown, Pennsylvania 18101



**Units**  
50 family affordable

**Total Development Cost**  
\$25,991,386

**City of Allentown Rescue Plan Funds Funding Request**  
\$2,700,000

### Sources and Uses

USES	
Construction Costs	\$19,982,000
Professional Fees	\$3,348,117
Financing Fees	\$940,264
Reserves, Escrows, and Fees	\$1,721,005
<b>TOTAL</b>	<b>\$25,991,386</b>

SOURCES	
LIHTC Equity	\$11,057,349
Permanent Debt	\$2,950,000
City of Allentown HOME Funds	\$1,320,000
PHFA PHARE Funds	\$1,200,000
PHFA CCRP Funds	\$1,500,000
AHA Disposition Funds	\$1,500,000
Lehigh County AHTF	\$75,000
RACP	\$2,500,000
City of Allentown Rescue Plan Funds	\$2,700,000
DCED Keystone Communities Program	\$500,000
Energy Rebates	\$37,139
Deferred Developer Fee	\$375,000
Gap	\$276,898
<b>TOTAL</b>	<b>\$25,991,386</b>

### A Critical Housing Resource

Little Lehigh is a public housing project initially designed and constructed in the early 1970s. Building exteriors and interiors have experienced significant wear and tear over their lifespan. Not only will the redevelopment replace the existing deteriorating units, but it will also revitalize the neighborhood and provide the much-needed high quality affordable housing for the community. The project received an award of Low Income Housing Tax Credits from PHFA in 2020, but since application, changes to the wage rates and pandemic-related cost increases have made the project's budget infeasible. Additional support from the City of Allentown will allow the project to proceed ensuring that the housing can be redeveloped and that the significant funding committed to this project is not lost.

### Prior Commitments

The City of Allentown has committed \$1,320,000 in HOME Funds to the Little Lehigh redevelopment. In addition, the City transferred a parcel of land near the 8<sup>th</sup> Street bridge to the Allentown Housing Authority to improve the new project's layout and circulation. With the City HOME funds, Pennrose and the Allentown Housing Authority have secured 90% of the funding necessary to start construction. In late 2021, the City also approved the land development and architectural plans for the redevelopment.

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### Request for Rescue Plan Funds

Although we have the required approvals, we cannot achieve financial closing and start construction until we fill a funding gap of approximately \$3 million. Costs have risen since late 2019, when the tax credit application was submitted with a balanced budget. The cost increases are a result of supply chain disruptions caused by COVID19 and a significant increase in the Davis Bacon wage rates for Lehigh County. In 2021, we secured additional funding from RACP, DCED, and PHFA, but the funding gap remains. We are requesting \$2,700,000 in Rescue Plan Funds from the City to close the gap and allow the project to move forward.

### The Importance of the City’s Commitments

As illustrated in the chart below, if City Council approves this additional funding, the City’s commitments will make up 15% of the total sources for this project. This project provides the City with the opportunity to provide key funding for an important ‘shovel ready’ project. In addition, the tax credits awarded to this project by PHFA have an expiration date. The project must be operational by December 2023. If we are unable to close the gap in time to meet this deadline, we risk losing the tax credits. Without the tax credits, the project cannot be completed and would also lose the other committed resources. Most significantly, the site would remain blighted and vacant for the foreseeable future.

City of Allentown Commitments Leveraged

